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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/845,267	05/01/2001	Timothy Merrick Long	169.2039	3091
5514	7590	03/31/2005	EXAMINER	
FITZPATRICK CELLA HARPER & SCINTO 30 ROCKEFELLER PLAZA NEW YORK, NY 10112			CHAMPAGNE, DONALD	
			ART UNIT	PAPER NUMBER
			3622	

DATE MAILED: 03/31/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary	Application No.	Applicant(s)
	09/845,267	LONG, TIMOTHY MERRICK
	Examiner Donald L. Champagne	Art Unit 3622

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) Responsive to communication(s) filed on 25 February 2005.
- 2a) This action is FINAL. 2b) This action is non-final.
- 3) Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) Claim(s) 1-31 is/are pending in the application.
 - 4a) Of the above claim(s) 7-24 is/are withdrawn from consideration.
- 5) Claim(s) _____ is/are allowed.
- 6) Claim(s) 1-6 and 25-31 is/are rejected.
- 7) Claim(s) _____ is/are objected to.
- 8) Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) The specification is objected to by the Examiner.
- 10) The drawing(s) filed on 01 May 2001 is/are: a) accepted or b) objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
 - a) All b) Some * c) None of:
 1. Certified copies of the priority documents have been received.
 2. Certified copies of the priority documents have been received in Application No. _____.
 3. Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).
- * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) Notice of References Cited (PTO-892)
- 2) Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date _____.
- 4) Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____.
- 5) Notice of Informal Patent Application (PTO-152)
- 6) Other: _____.

DETAILED ACTION

Election/Restrictions

1. Applicant's election with traverse of Group I, claims 1-6 and 25-31, is acknowledged. The traversal is on the ground(s) that there would not be an undue burden if the examiner were to examine both groups of claims. This is not found persuasive because, first, the examiner has shown that the two groups of claims constitute distinct inventions under the criteria given by MPEP § 806.05(e). Having done that, the examiner is required to show one of the requirements (A)-(C) given in MPEP § 808.02. The examiner has done that by showing (A), that the inventions defined by the two groups of claims would be separately classified. The requirement is still deemed proper and is therefore made FINAL.

Drawings

2. The drawings are objected to under 37 CFR 1.83(a) because they fail to show "the terminal" in Fig. 1 as described in para. [0086] of the published specification (US 20020007310A1).
3. Any structural detail that is essential for a proper understanding of the disclosed invention should be shown in the drawing (MPEP § 608.02(d)). Corrected drawing sheets in compliance with 37 CFR 1.121(d) are required in reply to the Office action to avoid abandonment of the application. Any amended replacement drawing sheet should include all of the figures appearing on the immediate prior version of the sheet, even if only one figure is being amended. The figure or figure number of an amended drawing should not be labeled as "amended." If a drawing figure is to be canceled, the appropriate figure must be removed from the replacement sheet, and where necessary, the remaining figures must be renumbered and appropriate changes made to the brief description of the several views of the drawings for consistency. Additional replacement sheets may be necessary to show the renumbering of the remaining figures. Each drawing sheet submitted after the filing date of an application must be labeled in the top margin as either "Replacement Sheet" or "New Sheet" pursuant to 37 CFR 1.121(d). If the examiner does not accept the changes, the applicant will be notified and informed of any required corrective action in the next Office action. The objection to the drawings will not be held in abeyance.

Claim Rejections - 35 USC § 101

4. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

5. Claims 4-6 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter. The claimed invention is not within the technological arts - i.e., no computer implementation or any other technology is employed. By comparison, claim 1 is statutory because it is limited to "software" within the body of the claim.¹ Claims 4-6 would be statutory if claim 4 were limited to a "terminal", and the definition of a "terminal" in terms of spec. Fig. 1 is corrected (para. 2-3 above).
6. As an initial matter, the United States Constitution under Art. I, §8, cl. 8 gave Congress the power to "[p]romote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries". In carrying out this power, Congress authorized under 35 U.S.C. §101 a grant of a patent to "[w]hoever invents or discovers any new and useful process, machine, manufacture, or composition or matter, or any new and useful improvement thereof." Therefore, a fundamental premise is that a patent is a statutorily created vehicle for Congress to confer an exclusive right to the inventors for "inventions" that promote the progress of "science and the useful arts". The phrase "technological arts" has been created and used by the courts to offer another view of the term "useful arts". See *In re Musgrave*, 167 USPQ (BNA) 280 (CCPA 1970). Hence, the first test of whether an invention is eligible for a patent is to determine if the invention is within the "technological arts".
7. Further, despite the express language of §101, several judicially created exceptions have been established to exclude certain subject matter as being patentable subject matter covered by §101. These exceptions include "laws of nature", "natural phenomena", and "abstract ideas". See *Diamond v. Diehr*, 450, U.S. 175, 185, 209 USPQ (BNA) 1, 7 (1981).

¹ A limitation in only the preamble, such as "information appliance" in the preamble of claim 1, would not make the claim statutory. A preamble is generally not accorded any patentable weight where it merely recites the purpose of a process or the intended use of a structure, and where the body of the claim does not depend on the preamble for completeness but, instead, the process steps or structural limitations are able to stand alone. See *In re Hirao*, 535 F.2d 67, 190 USPQ 15 (CCPA 1976) and *Kropa v. Robie*, 187 F.2d 150, 152, 88 USPQ 478, 481 (CCPA 1951).

However, courts have found that even if an invention incorporates abstract ideas, such as mathematical algorithms, the invention may nevertheless be statutory subject matter if the invention as a whole produces a "useful, concrete and tangible result." See *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 149 F.3d 1368, 1973, 47 USPQ2d (BNA) 1596 (Fed. Cir. 1998).

8. This "two prong" test was evident when the Court of Customs and Patent Appeals (CCPA) decided an appeal from the Board of Patent Appeals and Interferences (BPAI). See *In re Toma*, 197 USPQ (BNA) 852 (CCPA 1978). In *Toma*, the court held that the recited mathematical algorithm did not render the claim as a whole non-statutory using the Freeman-Walter-Abele test as applied to *Gottschalk v. Benson*, 409 U.S. 63, 175 USPQ (BNA) 673 (1972). Additionally, the court decided separately on the issue of the "technological arts". The court developed a "technological arts" analysis:

The "technological" or "useful" arts inquiry must focus on whether the claimed subject matter...is statutory, not on whether the product of the claimed subject matter...is statutory, not on whether the prior art which the claimed subject matter purports to replace...is statutory, and not on whether the claimed subject matter is presently perceived to be an improvement over the prior art, e.g., whether it "enhances" the operation of a machine. *In re Toma* at 857.

In *Toma*, the claimed invention was a computer program for translating a source human language (e.g., Russian) into a target human language (e.g., English). The court found that the claimed computer implemented process was within the "technological art" because the claimed invention was an operation being performed by a computer within a computer.

9. The decision in *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* never addressed this prong of the test. In *State Street Bank & Trust Co.*, the court found that the "mathematical exception" using the Freeman-Walter-Abele test has little, if any, application to determining the presence of statutory subject matter but rather, statutory subject matter should be based on whether the operation produces a "useful, concrete and tangible result". See *State Street Bank & Trust Co.* at 1374. Furthermore, the court found that there was no "business method exception" since the court decisions that purported to create such exceptions were based on novelty or lack of enablement issues and not on statutory grounds. Therefore, the court held that "[w]hether the patent's claims are too broad to be

patentable is not to be judged under §101, but rather under §§102, 103 and 112." See *State Street Bank & Trust Co.* at 1377. Both of these analysis goes towards whether the claimed invention is non-statutory because of the presence of an abstract idea. Indeed, *State Street* abolished the Freeman-Walter-Abele test used in *Toma*. However, *State Street* never addressed the second part of the analysis, i.e., the "technological arts" test established in *Toma* because the invention in *State Street* (i.e., a computerized system for determining the year-end income, expense, and capital gain or loss for the portfolio) was already determined to be within the technological arts under the *Toma* test. This dichotomy has been recently acknowledged by the Board of Patent Appeals and Interferences (BPAI) in affirming a §101 rejection finding the claimed invention to be non-statutory. See *Ex parte Bowman*, 61 USPQ2d (BNA) 1669 (Bd. Pat. App. & Int. 2001).

Claim Objections

10. Claims 2, 3, 5 and 6 are objected to under 37 CFR 1.75(c), as being of improper dependent form for failing to further limit the subject matter of a previous claim. Applicant is required to cancel the claim(s), or amend the claim(s) to place the claim(s) in proper dependent form, or rewrite the claim(s) in independent form. Apparatus/system/ appliance claims must be distinguishable from the prior art in terms of structure rather than function (MPEP § 2114). The subject claims add no structural limitations.

Claim Rejections - 35 USC § 102 and 35 USC § 103

11. The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

12. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

13. Claims 1-6 and 25 are rejected under 35 U.S.C. 102(e) as being anticipated by Angles et al. (US005933811A).

14. Angles et al. teaches (independent claims 1, 4 and 25) An information appliance, comprising: a display of a *consumer computer* 12 (col. 10 lines 23-24 and 33-38, and col. 11 lines 62-64) incorporating an ad display area (*advertisement insert* 56, col. 12 lines 54-57 and Fig. 4) disposed within a working display area (*electronic page* 32), wherein display of ad information within said ad display area is independent of the content provided elsewhere on *electronic page* 32 (col. 2 line 59 to col. 3 line 3), and wherein the consumer is sent *unique software which enhances the consumer's Internet browser* (col. 3 lines 25-28), which reads on upgrade software for upgrading said non-advertising application (i.e., browsing the Internet for content) and for providing said advertising information.

15. No patentable weight was given to the following limitations:

[upgrade software] ... has an upgrade price for purchase by an owner of the information appliance, said upgrade price being dependent upon a difference between an advertising cost for an amount of said advertising display area and an upgrade cost for producing said upgrade software, and wherein said upgrade price is dependent on said advertising cost. (Claim 1)

... and wherein said information appliance has a terminal price for purchase by a consumer, said terminal price being dependent upon a difference between an advertising cost to an advertiser for an amount of said advertising display area and a manufacturing cost of said information appliance, said terminal price being dependent on said advertising cost. (Claim 4)

Apparatus/system/ appliance claims must be distinguishable from the prior art in terms of structure rather than function (MPEP § 2114). These cited limitations of claims 1 and 4 are not structural limitations. In addition, claims 2, 3, 5 and 6 were not given patentable weight for the same reason.

16. Claims 26-31 are rejected under 35 U.S.C. 103(a) as being obvious over Angles et al.
17. Angles et al. teaches (independent claims 26) advertising cost determination means to determine an advertising cost for said advertising display area (col. 16 lines 10-13) and paying the consumer *digital cash* for accepting advertising (col. 21 lines 25-29), which reads on price adjusting means.
18. Angles et al. does not teach upgrade price determination means to determine said upgrade price dependent upon a difference between said advertising cost and said upgrade cost. Because this is merely a statement of the true cost of the upgrade (i.e., "advertising cost" revenue from the advertisers minus what is paid for the upgrade), it would have been obvious to one of ordinary skill in the art, at the time of the invention, to determine said upgrade price dependent upon a difference between said advertising cost and said upgrade cost.
19. Angles et al. teaches (independent claims 29) paying the consumer *digital cash* for accepting advertising (col. 21 lines 25-29), which reads on price adjusting means.
20. Angles et al. does not explicitly teach advertising selling means. However, since the structure recited in the reference is substantially identical to that of the claims, these claimed properties or functions are presumed to be inherent (MPEP § 2112.01). As evidence tending to show inherency, it is noted that Angles et al. does teach billing advertisers for ad space sold to them (col. 16 lines 10-13). Since ad space was sold, the reference must inherently have means for selling said ad space.
21. Angles et al. does not teach information appliance/terminal price determination and selling means. However, Angles et al. does teach using a broad variety of information appliances/terminals (col. 10 lines 23-24 and lines 33-38). Because it is common to buy such appliances, and said sales would inherently be made at some determined price, it would have been obvious to one of ordinary skill in the art, at the time of the invention, to add information appliance/terminal price determination and selling means to the teachings of Angles et al.
22. Angles et al. teaches claims 28 and 31 (col. 16 lines 10-13).
23. Angles et al. does not teach (claims 27 and 30) that said upgrade cost includes a profit. Because a business can be viable only if it makes a profit, it would have been obvious to

one of ordinary skill in the art, at the time of the invention, to add to the teachings of Angles et al. that said upgrade cost includes a profit.

Conclusion

24. Any inquiry concerning this communication or earlier communications from the examiner should be directed to Donald L Champagne whose telephone number is 571-272-6717. The examiner can normally be reached from 6:30 AM to 5 PM ET, Monday to Thursday. The examiner can also be contacted by e-mail at donald.champagne@uspto.gov, and *informal* fax communications (i.e., communications not to be made of record) may be sent directly to the examiner at 571-273-6717. The examiner's supervisor, Eric Stamber can be reached on 703-305-8469.² The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.
25. Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).
26. **ABANDONMENT** – If examiner cannot by telephone verify applicant's intent to continue prosecution, the application is subject to abandonment six months after mailing of the last Office action. The agent, attorney or applicant point of contact is responsible for assuring that the Office has their telephone number. Agents and attorneys may verify their registration information including telephone number at the Office's web site, www.uspto.gov. At the top of the home page, click on Site Index. Then click on Agent & Attorney Roster in the alphabetic list, and search for your registration by your name or number.

18 March 2005

DONALD L. CHAMPAGNE
PRIMARY EXAMINER

Donald L. Champagne
Primary Examiner
Art Unit 3622

² 571-272-6724 after the middle of April 2005.